

Message Text

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ACTION EB-07

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SUBJ: BANGLADESH JUTE EXPORTS, 1975/76

1. JUTE SECRETARY M.S.H. CHISTY ESTIMATES BANGLADESH WILL EARN TAKA 4.5 BILLION (\$300 MILLION) FROM EXPORTS OF RAW AND MANUFACTURED JUTE GOODS DURING FY 1976 (ENDING JUNE 30, 1976). ALTHOUGH VOLUME IS WELL ABOVE 74/75 LEVEL, PRICES HAVE DECLINED FOR SOME GOODS AND FOREIGN EXCHANGE EARNED WILL BE ALMOST EXACTLY THE SAME AS IN 74/75 AND SOMEWHAT LESS THAN THE \$318 MILLION EARNED IN 73/74, THE BEST POST-INDEPENDENCE YEAR. TOTAL VALUE ALL BANGLADESH EXPORTS IN 75/76 MIGHT EXCEED \$350 MILLION, ABOUT THEIR LEVEL ANNUALLY SINCE 1972/73.

2. RAW JUTE. AS AT APRIL 28, 2.418 MILLION BALES (400 LBS.) HAD BEEN REGISTERED FOR EXPORT SALES DURING CURRENT FISCAL YEAR, AGAINST JULY, 1974 THROUGH APRIL, 1975 FIGURE OF 0.74 MILLION AND FY '76 TARGET OF 2.5 MILLION. JUTE SECRETARY ESTIMATED ACTUAL SALES FOR FULL YEAR THROUGH JUNE 30 AT 2.6 MILLION. 1.963 MILLION BALES HAD BEEN SHIPPED THROUGH APRIL 28, AGAINST APRIL '75 FIGURE OF 1.433 MILLION AND FY '76 TARGET OF 2.0 MILLION, WITH OUTLOOK FOR FULL-YEAR TOTAL OF 2.3 MILLION. SECRETARY ESTIMATED FULL YEAR EARNINGS (ON SHIPMENT BASIS; ACTUAL PAYMENTS LAG BEHIND SHIPMENTS) AT TAKA 1.75 BILLION

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(\$117 MILLION) AGAINST TARGET OF TAKA 1.5 BILLION.

3. JUTE GOODS. EXPORT SALES REGISTERED THROUGH APRIL 29 WERE 447 THOUSAND TONS AGAINST 311 THOUSAND AT END APRIL A YEAR AGO AND HAD EXCEEDED THE FY '76 TARGET OF 440 THOUSAND. ACTUAL SHIPMENTS TOTALED 365 THOUSAND AGAINST 313 THOUSAND A YEAR AGO TOWARD FY '76 TARGET OF 425 THOUSAND. JUTE SECRETARY ESTIMATED THIS TARGET WOULD BE ACHIEVED AND THAT EARNINGS (ON SHIPMENTS BASIS) WOULD REACH TAKA 2.75 BILLION (\$183 MILLION), EXCEEDING TAKA 2.45 BILLION TARGET.

4. FACTORS EXPLAINING IMPROVEMENT IN VOLUME SOLD INCLUDE: (A) ECONOMIC RECOVERY IN MAJOR BUYING NATIONS; (B) MAY, 1975 DEVALUATION; AND (C) ABSENCE OF LABOR PROBLEMS IN JUTE MILLS. HOWEVER, PRICE DECLINES LIMITED EXPORT EARNINGS. DURING 75/76, SALES TO PRC (80,000 BALES RAW JUTE) AND PAKISTAN (13,000 TONS JUTE GOODS) WERE IMPORTANT NEW FACTORS, SECRETARY SAID. (PAKISTAN HAD PREVIOUSLY PURCHASED JUTE GOODS ONLY INDIRECTLY, E.G., THROUGH SINGAPORE)

5. COMMENT. DEVALUATION HAS DEFINITELY HELPED BOOST EXPORT SALES, BUT IT HAS NOT RENDERED INEFFICIENT JUTE MILLS PROFITABLE. OVERALL, BANGLADESH JUTE INDUSTRIES CORPORATION LOST TAKA 75 MILLION (\$5 MILLION) IN FIRST SIX MONTHS OF 75/76. THIS SUGGEST 75/76 FINANCIAL PICTURE MAY IMPROVE OVER 74/75 FULL YEAR LOSS OF ABOUT TAKA 275 MILLION, BUT JUTE SECRETARS DECLINE HAZARD PREDICTION ON OUTCOME THIS YEAR.

6. EXPORT EARNINGS FLAT FOR PAST FOUR YEARS. JUTE REGULARLY ACCOUNTS FOR 80 TO 90 PERCENT OF TOTAL EXPORT EARNINGS AND WHILE THERE MAY BE SOME INCREASE THIS YEAR IN EXPORTS OF NON-TRADITIONAL ITEMS, TOTAL EXPORT EARNINGS IN 75/76 ARE NOT LIKE TO BE MUCH ABOVE \$350 MILLION. IF THIS PROVES CORRECT, SUCH EARNINGS IN THE FIRST POST-DEVALUATION YEAR WILL BE ALMOST EXACTLY WHAT THEY HAVE BEEN EVERY YEAR SINCE 1972/73.
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